

## **The complaint**

Mr D complains about how Marshmallow Insurance Limited handled a claim against his motor insurance policy. Reference to Marshmallow includes its agents.

## **What happened**

In summary, on 11 December 2022, Mr D was involved in an accident whilst driving. The repairs report indicates that there was damage to the front bumper and bonnet of Mr D's car. Mr D reported the accident to Marshmallow. Marshmallow was aware that there were supply chain issues in relation to certain car parts so it told Mr D that it would reimburse the cost of a new registration plate, so that he could continue to use his car pending repairs.

The third party made a claim against Mr D's policy. On 16 December 2022, Marshmallow told Mr D that it had instructed its repair network to arrange repairs of his car. It said that as Mr D was at fault for the accident, he'd need to pay the £150 excess due under the policy after the repairs were completed.

On 22 December 2022, Mr D sent Marshmallow the invoices for his costs in relation to the registration plate. On 16 January 2023, Marshmallow said that it would process reimbursement once Mr D had paid the excess due under the policy.

Marshmallow's approved repairer collected Mr D's car on 26 January 2023 and returned it to him on 31 January 2023. Mr D noticed that the registration plate was loose and says that he tried to contact the approved repairer several times. On 4 February 2023, Mr D told Marshmallow that he wasn't happy about the repairs to the number plate and continued to try to make contact with Marshmallow's approved repairer.

Mr D complained to Marshmallow about the initial delay in arranging repairs, its delay in reimbursing his costs and about the lack of response from its approved repairer when he tried to contact it about the poor repair to the registration plate.

On 6 April 2023, in response to Mr D's complaint, Marshmallow reimbursed Mr D in relation to his costs arising out of his purchase of the registration plate. It said that its approved repairer tried to contact Mr D on 9 February 2023, but didn't hear back from him. Marshmallow asked Mr D to contact its approved repairer to arrange further repairs and offered Mr D compensation of £75. Mr D didn't think that was fair and pursued his complaint.

In response to this service's request for information, Marshmallow increased its offer to £100.

One of our investigators looked at what had happened. She thought that compensation of £100 in relation to Mr D's distress and inconvenience was fair and reasonable. The investigator recommended that Marshmallow pay interest on the late reimbursement of the cost of the replacement registration plate.

The investigator said that Marshmallow directed Mr D to contact its approved repairer for the repairs to be completed and that events after any response from the approved repairer would need to be reviewed under a separate complaint.

Marshmallow accepted the investigator's recommendations and paid the £100 in compensation to Mr D. Mr D asked why he'd need to make a separate complaint about the repairs. He said that he wanted the approved repairer to contact him about the further repairs, as he'd tried to contact it repeatedly.

The investigator asked Marshmallow to arrange the additional repairs. Marshmallow said that its approved repairer would contact Mr D. Mr D said that he didn't hear from Marshmallow's approved repairer.

Mr D asked that his complaint be considered by an ombudsman, so it was passed to me to decide. There were further exchanges between the investigator and Marshmallow in an attempt to arrange further repairs, but the matter didn't progress.

### **My provisional decision**

On 27 February 2024, I sent both parties my provisional decision in this case. I indicated that I intended to uphold the complaint. I said:

- *'I don't think that Marshmallow was at fault in the length of time it took to arrange initial repairs to Mr D's car. At the relevant time there were known supply chain problems and given the proximity of public holidays, I don't think that Marshmallow acted unfairly or unreasonably in arranging repairs for 26 January 2023.'*
- *'It's common ground that there have been delays in dealing with both Mr D's claim for reimbursement of his costs and further repairs to his car.'*
- *'Mr D's claim in relation to the replacement of his registration plate was less than the excess due under the policy. On 16 January 2023, Marshmallow said that it would process reimbursement once Mr D had paid the excess. I don't think that was unfair or unreasonable. But once Mr D had paid the excess, which was presumably sometime before his car was returned to him from the approved repairer, Marshmallow should have settled this part of Mr D's claim. It didn't do so until 6 April 2023, in response to Mr D's complaint.'*
- *'I think that Marshmallow should pay interest on the delayed reimbursement from the date Mr D paid the excess due under the policy to 6 April 2023.'*
- *'There's clearly been significant difficulty in Mr D contacting Marshmallow's approved repairer about further repairs to the registration plate. Marshmallow said that its approved repairer contacted Mr D on 9 February 2023, but didn't hear back from him. It hasn't been able to provide any evidence to support what it says about that. On balance, I don't think that I can fairly conclude that Marshmallow's approved repairer tried to contact Mr D in response to his request for further repairs.'*
- *'Following the investigator's view, Marshmallow said that it asked its approved repairer to contact Mr D, but no contact was made. Overall, I don't think that Marshmallow acted fairly and reasonably in dealing with Mr D's request for further repairs.'*

- *Given the chronology of events to date, I think it's fair and reasonable for Mr D to instruct a garage of his choice to carry out the further repairs to the registration plate of his car. Marshmallow should reimburse Mr D for the reasonable and necessary costs of the further repairs to the registration plate.*
- *In all the circumstances, it's not appropriate in this instance for Marshmallow to rely on the term of the policy which provides that if Mr D chooses an alternative to its approved repairer, he must pay the first £250 of any claim in addition to the excess due under the policy, or to limit the costs to what its approved repairer would have charged. That's because Marshmallow's approved repairer has had ample opportunity to respond to Mr D's concerns about the repairs and hasn't done so.*
- *Mr D has suffered distress and inconvenience in relation to this matter. He spent some time pursuing what should have been a fairly straight-forward claim. And the repairs to his car haven't yet been completed. Marshmallow has already paid Mr D compensation of £100. Considering everything, I think that total compensation of £200 in relation to Mr D's distress and inconvenience is fair and reasonable. In reaching that view, I've taken into account the nature, extent and duration of Mr D's distress and inconvenience arising out of Marshmallow's delays in this case. So, Marshmallow should pay Mr D an additional £100.'*

### **Responses to my provisional decision**

We didn't receive a response from Mr D. Marshmallow responded to say that it had already reimbursed Mr D for the cost of replacing the registration plate, paid interest on that amount and paid him compensation of £100. It asked for confirmation that we only require it to reimburse Mr D for the additional repairs to the registration plate.

The investigator responded to say that I intended to direct Marshmallow to pay additional compensation of £100 and to reimburse Mr D for additional repairs to the registration plate at a garage he chooses. She said that if Marshmallow had paid interest on the reimbursement it has already made, it is not required to pay that again.

### **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

As neither party has made any further substantive comment, I see no reason to depart from my provisional decision except that I no longer require Marshmallow to pay interest on the amount of Mr D's claim for reimbursement in relation to the replacement registration plate, as it's already done so.

For the reasons I've explained, I think that Marshmallow acted unfairly and unreasonably in its handling of Mr D's claim.

### **Putting things right**

In order to put things right, I direct Marshmallow to:

- Reimburse Mr D for the reasonable and necessary costs of the further repairs to the registration plate at a garage of his choice, without deducting the first £250 or limiting the amount to that which it would pay to its approved repairer.
- Pay Mr D additional compensation of £100 in relation to his distress and inconvenience.

### **My final decision**

My final decision is that I uphold Mr D's complaint. I now require it to take the steps I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 17 April 2024.

Louise Povey  
**Ombudsman**